MEDI-CAL UPDATE Part 2
Billing and Policy
www.medi-cal.ca.gov

Outpatient Services • Chronic Dialysis Clinics

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Contents

Federal Deficit Reduction Act of 2005 Requirements Implemented

Effective January 1, 2007, all new provider applicants and all providers subject to re-enrollment processing will be required to certify that they comply with Section 1902(a) of the Social Security Act.

On February 8, 2005, President Bush signed into law the Deficit Reduction Act (DRA), which requires specified changes to Medicaid (Medi-Cal in California) law. One of those changes is the requirement for employee education about false claims recovery. These changes go into effect on January 1, 2007.

This article contains information about both the state and federal law regarding this new requirement. This article also serves as the official notice of new federal requirements for Medi-Cal providers in California.

Federal Law

Section 6032 of the DRA requires any entities that receive or make annual payments under the State Plan (Medi-Cal in California) of at least $5 million, as a condition of receiving such payments, to have established written policies and procedures about the Federal and State False Claims Act for their employees, agents and contractors.

Specifically, Section 6032 amends the Social Security Act, Title 42, United States Code, Section 1396a(a), by inserting an additional relevant paragraph, (68). To summarize, this new paragraph mandates that any entity that receives or makes payments under the State Plan of at least $5 million annually, as a condition of receiving such payments, must comply with the following requirements:

1. Establish written policies for all employees of the entity, including management and any contractor(s) or agent(s) of the entity. These written policies shall provide detailed information about the following:
   - Federal False Claims Act, including administrative remedies for false claims and statements established under Title 31, USC, Chapter 38.
   - State laws pertaining to civil or criminal penalties for false claims and statements; whistleblower protections under such laws; and the role of these laws in preventing and detecting fraud, waste and abuse in Federal health care programs.
2. The written policies must include details about the entity's policies and procedures for detecting and preventing fraud, waste and abuse.
3. Any employee handbook for the entity must include specific discussion of the laws about false claims and statements; the rights of employees to be protected as whistleblowers; and the entity's policies and procedures for detecting and preventing fraud, waste and abuse.

Corrections: Hepatitis A Vaccine Codes

An article in the June 2006 *Medi-Cal Update* announced that effective for dates of service on or after July 1, 2006, CPT-4 code 90634 (Hepatitis A Vaccine [pediatric/adolescent], three dose) became a non-benefit. (This regimen is no longer in use.) However, several references to the code were inadvertently left in the provider manual. Those references have been removed.

In addition, the article announced removal of the SK (high risk) modifier requirement when billing CPT-4 code 90633 (Hepatitis A Vaccine [pediatric/adolescent], two dose). However, the *Modifiers Used With Procedure Codes* manual section was not updated to reflect that change. That section is now updated.

These corrections are reflected on manual replacement pages inject 2 (Part 2), inject vacc 1 (Part 2) and *modif used 4 (Part 2).*

Laboratory Chemistry Procedures Update

Effective for dates of service on or after January 1, 2007, the California Department of Health Services (CDHS) is updating the maximum reimbursement amounts for laboratory chemistry procedures. These rates are as follows:

Description	Rate
1 – 2 clinical chemistry tests	$ 5.82
3 clinical chemistry tests	7.43
4 clinical chemistry tests	7.84
5 clinical chemistry tests	8.74
6 clinical chemistry tests	8.77
7 clinical chemistry tests	9.14
8 clinical chemistry tests	9.46
9 – 10 clinical chemistry tests	9.70
11 clinical chemistry tests	9.87
12 clinical chemistry tests	10.10
13 – 16 clinical chemistry tests	11.82
17 – 18 clinical chemistry tests	11.90
19 clinical chemistry tests	12.36
20 clinical chemistry tests	12.76
21 clinical chemistry tests	13.16
22 clinical chemistry tests	13.56

To comply with *Welfare and Institutions Code*, Section 14105.22, the Medi-Cal maximum reimbursement rates for clinical laboratory or laboratory procedures must be no higher than 80 percent of the average of the Medicare rates allowed by National Heritage Insurance Company (NHIC)-North and NHIC-South.

Information about individual laboratory procedure reimbursement rates for the CPT-4 code 80000 series and HCPCS codes S3620 and S3820 can be found on the Medi-Cal Web site (**www.medi-cal.ca.gov**) by clicking "Medi-Cal Rates" under the "Provider Reference" heading.

This information is reflected on manual replacement page path organ 2 (Part 2).

Cyanocobalamin Reimbursement Policy Update

Effective for dates of service on or after January 1, 2007, CPT-4 code 82607 (cyanocobalamin [vitamin B-12]) is reimbursable only when billed in conjunction with one or more of the following ICD-9 codes. Reimbursement continues to be restricted to three tests per year for the same recipient by the same provider, unless medical justification is entered in the *Remarks* area/*Reserved for Local Use* field (Box 19) of the claim or submitted as an attachment.

ICD-9 Code	Description
123.4	Diphyllobothriasis, intestinal
151.0 – 151.9	Malignant neoplasm of stomach
266.2	Other B-complex deficiencies
281.0	Pernicious anemia
281.1	Other vitamin B-12 deficiency anemia
281.3	Other specified megaloblastic anemias not elsewhere classified
281.9	Unspecified deficiency anemia
289.8	Other specified diseases of blood and blood-forming organs
290.0 – 290.9	Dementias
294.1	Dementia in conditions classified elsewhere
294.8	Other persistent mental disorders due to conditions classified elsewhere
294.9	Unspecified persistent mental disorders due to conditions classified elsewhere
310.0	Frontal lobe syndrome
356.9	Hereditary and idiopathic peripheral neuropathy; unspecified
357.4	Polyneuropathy in other diseases classified elsewhere
529.6	Glossodynia
535.10 – 535.11	Atrophic gastritis without mention of hemorrhage; Atrophic gastritis with hemorrhage
555.0 – 555.9	Regional enteritis
564.2	Postgastric surgery syndromes
577.1	Chronic pancreatitis
579.0 – 579.9	Intestinal malabsorption
751.1	Atresia and stenosis of small intestine
780.7	Malaise and fatigue
782.0	Disturbance of skin sensation
V44.2	Ileostomy
V44.4	Other artificial opening of gastrointestinal tract
V45.3	Intestinal bypass or anastomosis status
V45.89	Other

This information is reflected on manual replacement pages path chem 3 and 4 (Part 2).

2007 CPT-4/HCPCS Code Update Reminder

The 2007 updates to *Current Procedural Terminology – 4th Edition* (CPT-4) codes and *Healthcare Common Procedure Coding System* (HCPCS) Level II codes become effective for Medicare on January 1, 2007. The Medi-Cal program has not yet adopted the 2007 updates. Providers must not use the 2007 codes to bill for Medi-Cal services until notified to do so in a future *Medi-Cal Update*.

California Children's Services Program Updates

Updates to the California Children's Services (CCS) Service Code Groupings (SCGs) are as follows:

Code	SCGs Updated	Effective for Dates of Service on or after:
Z5956	04	July 1, 2004
Z0306	01, 02, 03 and 07	July 1, 2006
C9225	01, 02, 03 and 07	November 1, 2006
J3490	01, 02, 03 and 07	December 1, 2006
J3590	01, 02, 03 and 07	December 1, 2006

Reminder: SCG 02 includes all codes found in SCG 01, plus additional codes applicable only to SCG 02. SCG 03 contains all codes found in SCG 01 and 02, plus additional codes applicable only to SCG 03. SCG 07 contains all codes found in SCG 01, plus additional codes applicable only to SCG 07.

New Medical Therapy SCG Added
Effective retroactively for dates of service on or after November 1, 2006, a new SCG has been added. Medical Therapy (SCG 11) codes are used by physical and occupational therapists. The codes contained in this new SCG are not included in any other SCG, and SCG 11 does not include codes from any other SCGs.

This information is reflected on manual replacement pages cal child ser 1, 3, 16 and 24 (Part 2).

Instructions for Manual Replacement Pages — Part 2

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Remove and replace:	cal child ser 1 thru 4, 15/16
Remove:	cal child ser 23
Insert:	cal child ser 23/24
Remove and replace:	hcpcs ii 1/2 *
	inject 1/2, 45 thru 58 *
Insert:	inject 59 *
Remove and replace:	inject list 3 thru 6 *, 15 thru 18 *
	inject vacc 1
	medi non hcp 3 *
	modif app 5/6 *
	modif used 3/4, 7/8 *
	path chem 3 thru 6
	path organ 1/2

* Pages updated due to ongoing provider manual revisions.